

Message Text

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63 S

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 PM-03 H-02 INR-07 L-02 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 USIE-00

INRE-00 NSCE-00 SSO-00 AID-05 EB-07 OMB-01 COME-00

TRSE-00 CIEP-01 STR-04 /073 W
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FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC NIACT IMMEDIATE 9797

INFO DIA WASHDC IMMEDIATE

USIA WASHDC IMMEDIATE

USCINCSO IMMEDIATE

AMEMBASSY GUATEMALA IMMEDIATE

AMEMBASSY MANAGUA IMMEDIATE

AMEMBASSY QUITO IMMEDIATE

AMEMBASSY SAN JOSE IMMEDIATE

AMEMBASSY SAN SALVADOR IMMEDIATE

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E.O. 11652: N/A

TAGS: BBAK, HO

SUBJECT: MINECON BENNATON'S TV APPEARANCE

REF: TEGUCIGALPA 1547 (NOTAL)

1. MINECON BENNATON APPEARED ON TELEVISION PROGRAM MORNING OF APRIL 20. HE HAD BEEN INVITED BY THE PROGRAM'S ORGANIZERS TO MAKE A STATEMENT ON THE UNITED BRANDS BRIBER SCANDAL.

2. BENNATON REJECTED THE CHARGE THAT HE WAS INVOLVED IN ANY BRIBERY, AND DENIED THAT HE HAD BEEN INVOLVED IN OTHER ILLICIT BUSINESS DEALINGS. HE SAID THAT HE WAS APPEARING IN HIS PERSONAL CAPACITY RATHER THAN AS A SPOKESMAN FOR THE GOVERNMENT. HE COMMENTED THAT HIS APPEARANCE REQUIRED LIMITED OFFICIAL USE
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COURAGE, BUT THAT HE FELT HIMSELF OBLIGED TO PUBLICLY CLARIFY THE SITUATION. HE SAID HE WAS CONFIDENT THAT TELLING THE TRUTH WOULD PROTECT HIM FROM HARM. HE REFUSED TO SPECULATE ABOUT WHO WAS INVOLVED IN THE UB BRIBE, AND SAID THAT IT

WAS THE JOB OF THE INVESTIGATING COMMISSION TO DETERMINE THE FACTS IN THE CASE.

3. HE RECOUNTED THE HISTORY OF UPEB'S ORGANIZATION AND OF HONDURAS' RELATIONSHIP TO THE BANANA TAX. HE SAID THAT THE ORIGINAL DECISION TO LEVY A \$1 TAX ON A BOX OF BANANAS HAD BEEN PREDICATED ON A FIRM FRONT OF BANANA PRODUCERS. HE POINTED OUT THAT INTERNAL PRESSURES IN ECUADOR HAD CAUSED THAT COUNTRY TO REFUSE TO JOIN UPEB. HE ALSO NOTED THAT GUATEMALA AND NICARAGUA HAD FAILED TO LEVY THE TAX AND THAT COSTA RICA HAD, IN EFFECT, REDUCED ITS TAX TO \$.25 A BOX. HE SAID THAT THE SITUATION LEFT HONDURAS AS THE ONLY COUNTRY TO LEVY THE \$1 TAX. HE EMPHASIZED THAT THERE HAD BEEN A GREAT DEAL OF OPPOSITION TO THE TAX IN HONDURAS, AND THAT STANDARD FRUIT HAD STOPPED SHIPMENTS WHILE UNITED BRANDS HAD THREATENED TO DO SO.

4. HE SAID THAT THE GOVERNMENT HAD DISCUSSED THE SITUATION IN LIGHT OF THE FACT THAT HONDURAN BANANAS WERE BEING UNDERCUT ON THE WORLD MARKET BY OTHER COUNTRIES BECAUSE ONLY HONDURAS WAS APPLYING THE \$1 TAX. HE SAID THAT THE BANANA COMMISSION CONSIDERED THE PROBLEM AND PRESENTED THEIR CONCLUSIONS TO THE COUNCIL OF MINISTERS. HE SAID THAT THE COUNCIL DECIDED IN AUGUST, 1974, TO LOWER THE TAX TO \$.25 A BOX IN ORDER TO CONFRONT THE MARKET SITUATION.

5. HE COMPLAINED THAT EVERYONE IS NOW CRITICIZING THE GOVERNMENT WITHOUT REMEMBERING THE MANY GOOD THINGS IT HAS DONE FOR THE COUNTRY. HE SAID THAT IT IS "POSSIBLY TOO LATE TO SAVE THE GOVERNMENT." HE ALSO ACCUSED "INTERNAL POLITICAL FORCES" OF ATTEMPTING TO BLOCK THE COUNTRY'S PROGRESS AND STATED THAT THEY WERE TAKING ADVANTAGE OF THE PRESENT SITUATION TO ATTACK THE GOVERNMENT. HE ALSO REMARKED THAT UNITED BRANDS HAD A HISTORY OF INTERFERING IN THE COUNTRY'S AFFAIRS, AND INTIMATED THAT THE BRIBERY SCANDAL COULD BE A MANEUVER ON THE PART OF THE COMPANY.

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6. HE REMARKED WHEN ASKED THAT THERE HAD BEEN POLICY CONFLICTS BETWEEN HIMSELF AND MINFIN ACOSTA. HE EMPHASIZED THAT A FUTURE CABINET SHOULD BE COMPOSED OF INDIVIDUALS WHO ARE AGREED ON THE GENERAL DIRECTION OF GOVERNMENT. HE REFUSED TO COMMENT ON WHY EX-FONMIN BATRES HAD RESIGNED IN OCTOBER, BUT ADMITTED THAT HE AND ANOTHER MINISTER HAD PRESENTED THEIR RESIGNATIONS AT THAT TIME. HE ALSO SAID THAT ONE OF THE GREAT LACKS OF THE LOPEZ GOVERNMENT HAS BEEN AN ADEQUATE PUBLIC RELATIONS MECHANISM WHICH COULD EXPLAIN TO THE PEOPLE WHAT THE GOVERNMENT HAD BEEN ATTEMPTING TO DO.

7. COMMENT: BENNATON PRESENTED AN OUTWARDLY LOGICAL DESCRIPTION

OF THE EVENTS THAT LED UP TO A REDUCTION OF THE BANANA
TAX. THERE IS NO DOUBT THAT IT WAS AN EFFORT ON HIS PART
TO PROTECT BOTH HIS REPUTATION AND PERSON. HOWEVER, HIS
REMARKS ABOUT INTERNAL GOVERNMENTAL DISAGREEMENTS AND ITS
BEING "TAKEN IN" ON THE BANANA TAX BY OTHER UPEB COUNTRIES
CAN DO LITTLE TO BOLSTER THE GOVERNMENT'S PRESENT DIFFICULT
SITUATION.

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